

NORTH STATE TOURISM

DESCRIPTION

Tourism plays a vital role in the economies of many northern California communities. Learn about specific success stories in growing tourism through grassroots efforts as well as through innovative local funding methods, and gain a statewide perspective on trends in tourism and travel to rural destinations.

Moderator: Lauren Gill, *City Manager, Town of Paradise*

Panelists:

- **Matt Stone**, *Assistant Professor*, Dept. of Recreation, Hospitality, and Hotel Management, CSU, Chico
- **Dan Mishell**, *Director of Research*, Visit California
- **Jeff Morris**, *Community Leader and Event Manager*, Trinity County
- **Casey Hatcher**, *Principal Management Analyst*, Butte County

MATT STONE, CSU, CHICO

Matt focused on the hotel industry in the North State, hotel trends nationwide, and the impact of the so-called “sharing economy” on the recreation and hospitality industry.

- I. North State Hotel industry:
 - A. Tourism is one of California’s biggest **export industries!** Although it’s an “invisible export”.
 - B. Data from 2015 shows that occupancy is up 3%, average daily rates (ADR) are up 7%, and revenue per available room (REVPAR) is up 10.6% over 2014. This is the second-straight year of double-digit growth in REVPAR and a five-year high for the state.
 - C. Highest ADR is found in Napa (\$331) and San Francisco (\$350).
 - D. Average ADR for Butte & Shasta counties – \$84
 - E. Most lucrative counties for overall hotel expenditures in the North State in 2015 Shasta (\$61 million), Butte (\$40 million), Siskiyou (\$24 million). Highest growth in REVPAR was found in the Redding market area.
 - F. Not a lot of hotels in the pipeline for the area.
- II. Travel trends nationwide:
 - A. Hotels nationwide have been focusing on brand specialization.
 - B. Hotels are finally starting to embrace modern tech like good Wi-Fi and availability of electrical outlets.
 - C. Flights have been over 85% full on average in 2015 and total profits by airlines just in Q1-Q3 of 2015 exceed total profits for all of 2014.
 - D. Local flights are a mixed bag – the Redding airport has seen successful expansion, while the Chico airport lost its passenger service entirely.

III. Travel and the “Sharing Economy”:

- A. More lodging is happening on the ‘black market’ – services like AirBnB that offer “Peer to Peer” lodging. These services are expanding into business travel.
- B. P2P travel is here to stay, so it’s up to local governments to “regulate before it’s too late.”
- C. Travelers want to live like a local, so they will consult apps and focus on neighborhood-based services, NOT official travel information.
- D. New “sharing economy” services include peer to peer tour guides, and the EatWith app to find local families to have dinner with.
- E. Focus on personalized travel, travel “hacks” written by locals in the know.
- F. Visitors are looking for a curated travel experience. Something they can post on social media that is specific to their culture, their needs, and their interests.
- G. Any materials that promote a destination or activity need to be mobile-friendly and written like they came from a local.

DAN MISHELL, VISIT CALIFORNIA

Big picture of Mr. Mishell’s presentation was about the landscape of tourism of California and within our region, recent trends, and then a focus on “destination marketing”.

I. Overall Landscape of Tourism in CA:

- A. California is the #1 travel destination in the United States. Visits to California represent over 10% of all domestic travel, and about 20% of international travel. About 50% of domestic trips to California are from visitors in one of the western states.
- B. International travelers are diversified – most popular nations of origin for foreign tourists:
 - 1. Mexico
 - 2. Canada
 - 3. China
 - 4. UK
 - 5. Australia
 - 6. Japan
- C. Diversified array of countries sending tourists means that even if a recession is impacting one particular part of the globe, California sees a buffer in terms of overall impacts to tourism.
- D. The farther people travel, the more they spend. In-state travelers stay an average of 2-3 days while overseas visitors stay 12 nights on average, and spend more on hotels and rental cars.

- E. Tourism supports roughly 1 million jobs either directly or indirectly. 2/3 of this impact is concentrated in “gateway” areas of the SF Bay area, LA County, San Diego, and Orange County.

II. Tourism in the Shasta/Cascade Region:

- A. Visitors spend about \$6 million annually in the Shasta/Cascade region.
- B. The proportion of overall employment in tourism-related industries is higher in this region.
- C. Most popular origin for travelers to destinations within this region:
 - 1. Chico
 - 2. Redding
 - 3. San Francisco
 - 4. Los Angeles
 - 5. Yuba City
 - 6. Portland, OR
 - 7. Seattle, WA
- D. International travelers to the Shasta/Cascade region tend to come from the UK, the Nordic nations, Germany, Canada, and Australia, and are attracted to the area’s outdoor activities.

III. Overall Trends:

- A. Overall occupancy rates in hotels have been trending upward since the 2009 recession and lately and holding steady about 70%, up to 80-90% during the summer months.
- B. Domestic air travel is up 5%, International air travel is up 7% for 2015
- C. Visits to 16 “California Welcome Centers” is up 6% in 2015
- D. Employment in the leisure and hospitality industry is up 4% in 2015.
- E. Strong US dollar is beginning to present a challenge in attracting international travelers.
- F. Forecasts are that tourism will grow at about 2% annually, but every year since the recession, growth in tourism has actually exceeded forecasts by a wide margin.

IV. Destination Marketing:

- A. Destination marketing focuses on the attractions of specific locales within California.
- B. Visit California has sponsored recent projects like the quirky “Digital 365” series.
- C. Visit California partnered with the Department of Agriculture to do “Always in Session” advertisements focusing on foodie culture – recent video features almond-growing operations in Chico.

- D. Return-On-Investment for destination marketing can be extremely high, some estimates say that \$70 dollars were brought in for every \$1 spent.

JEFF MORRIS, TRINITY COUNTY

Jeff is a Trinity County government leader and businessman who shared his experience planning for and hosting an international bike race event in Weaverville.

- A. Trinity County is one of only three counties in California with no incorporated cities, and is the only county in California without a stoplight. The area has incredible recreation opportunities including an extensive trail system formed by the remnants of old mine trails – instead of “rails to trails”, think “ditches to trails”.
- B. Despite its opportunities, Trinity County has had a very low tax base from which to promote more activities.
- C. In the fall of 2013, Weaverville was fortunate enough to be chosen for the international bike race event. Mr. Morris organized the event but also began to think about the needs that local businesses might have in catering to a large group of international visitors.
- D. Trinity County reached out to Dan Ripke, who got in touch with Matt Stone from RECR and the SBDC to do a series of hospitality industry trainings.
- E. Trainings were well attended, and eventual event lead to a sense of pride within the local hospitality industry.
- F. Marketing and communication with attendees was “micro-targeted”, not a huge ad campaign but just a focus on one specific event and opportunity for tourism.
- G. Local agencies should focus not on HOW to get to destinations (easily accessible online), but on WHY you would come to a certain place. Then focus on how to follow up with visitors to keep them engaged.

CASEY HATCHER, BUTTE COUNTY

Casey’s presentation discussed a specific way to research, access, and promote travel using a funding mechanism known as a Tourism Business Improvement District.

- I. Background:
 - A. Municipalities within Butte County had a major issue funding tourism promotion when the standard transient occupancy tax collected by hotels had to be used to fund vital services in the wake of the 2009 recession. Destination marketing was seen as a ‘nice-to-have’ not a ‘need-to-have’.
 - B. A 2011 regional tourism study showed that a T-BID might be an answer to this funding problem.

- C. T-BID is a special benefit assessment, wherein hotels collect a 2% tax that goes to an association of hotel owners, not to a government entity.
- D. This ownership association is tasked with using these funds to market the entire area.
- E. Sonoma County had implemented a T-BID, so Butte County officials visited to learn more about the process.
- F. Sonoma County's T-BID brings in about \$5.5 million for tourism promotion every year, while Butte's recently implemented T-BID is projected to bring in about \$500,00 in its first year.

II. Implementation of the T-BID in Butte County

- A. Started with a core group of hoteliers in the county. These hoteliers petition their local city governments to take up the measure.
- B. All hotel owners must vote to authorize within their own jurisdictions – in Butte County this meant a separate vote for Chico, Paradise, Oroville, Gridley, Biggs, and one for all unincorporated areas.
- C. All communities except for Gridley voted to authorize the T-BID. Group still forming to decide how to distribute funds collected by the tax.